

Complaint

Mr F complains that Volkswagen Financial Services (UK) Limited (trading as “Skoda Finance”) failed to act fairly and reasonably towards him when entering into a hire-purchase agreement with him.

He’s said that that Skoda Finance failed to disclose the commission that it paid to the motor dealer that arranged introduced his business and that this created an unfair relationship because of the impact this had on the interest he had to pay.

Mr F has used a representative to make his complaint. For ease of reference I’ll refer to Mr F throughout this final decision.

Background

In February 2016, sought finance in order to acquire a brand-new car. The purchase price of the car was £10,695.00. Mr F paid a deposit of £300.97 and entered into a hire-purchase agreement with Skoda Finance for the remaining £10,394.03.

The agreement had a term of 42 months and was interest and fee free. This meant that £10,394.03 was due to be paid in 41 monthly instalments of £133.33 followed by an optional final payment of £4,927.50 which Mr F needed to make if he wished to keep the car.

Mr F’s complaint was considered by one of our investigators. She didn’t think that Skoda Finance hadn’t done anything wrong or treated Mr F unfairly when entering into this hire-purchase with him. So she didn’t recommend that Mr F’s complaint should be upheld.

Mr F disagreed with our investigator and the complaint was passed to an ombudsman for a final decision.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I’ve decided not to uphold Mr F’s complaint. I’ll explain why in a little more detail.

Skoda Finance has provided evidence to show that it paid Mr F’s motor dealer a commission of £150 for introducing his business. I know that Mr F has said that he wasn’t told about this commission and referred to a number of breaches of the regulations. In effect, Mr F’s complaint is essentially that he lost out financially because of the £150 commission payment that Skoda Finance paid.

I’ve also been provided with a copy of Mr F’s hire-purchase agreement, which Mr F has also been provided with a copy of. Having reviewed it, I can see that the interest rate on it is 0% as is the APR. The total cost of the credit is also £0. As Mr F was provided with interest free credit, I’m satisfied that even if Skoda Finance did pay the broker an undisclosed

commission, or there was a tied arrangement between it and the broker, I think it unlikely (and less likely than not) that Mr F would have acted any differently had this been disclosed to him at the time.

In reaching my conclusions, I've noted that Mr F has referred to the possibility that the commission potentially compromised the reasonability of the price of his car. In the first instance, I note that this allegation was never made to Skoda Finance as part of Mr F's initial complaint. Mr F's complaint has always been that the commission impacted the cost of the hire-purchase agreement.

In any event, my role here is to determine what is more likely than not to be the case, not what is merely possible. Other than Mr F's bare assertion that the price could have been increased, I've seen nothing to indicate that the price of the brand-new vehicle Mr F purchased was actually increased – let alone that it was increased because Skoda Finance paid £150 in commission.

Bearing all of this in mind, I am satisfied that Mr F didn't suffer a financial loss as a result of Skoda Finance providing him with this 0% APR or interest free hire-purchase agreement. I am also not persuaded that the overall relationship between Skoda Finance and Mr F was ultimately unfair to Mr F. So I'm not upholding this complaint.

Overall and having carefully considered everything, I've not been persuaded to uphold Mr F's complaint. I appreciate that this will be disappointing for Mr F. But I hope he'll understand the reasons for my decision and at least consider that his concerns have been listened to.

My final decision

My final decision is that I'm not upholding Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 7 January 2026.

Jeshen Narayanan
Ombudsman